

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

MAY 8 1990

Employer Identification Number: [REDACTED]

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(c)(15) of the Internal Revenue Code.

Information provided shows that you were incorporated on [REDACTED] under the laws of the State of [REDACTED] as a mutual fire insurance company. Your purpose, among other things, is to mutually insure the respective dwelling-houses, barns and other buildings and other property of your members within [REDACTED] against loss by fire, wind and lightning. All losses occurring to your members are paid by a pro-rata assessment upon all members according to the amount of insurance held by such member. Recent information provided shows that you currently have [REDACTED] members.

On [REDACTED], your Secretary executed Form 6018, Consent to Proposed Adverse Action, in which you consented to the denial of exemption for years beginning prior to [REDACTED].

Financial statements for your fiscal years ended [REDACTED] and [REDACTED] show the following:

[REDACTED]

Gross receipts from Assessments:	\$ [REDACTED]
Total assessments and fees:	\$ [REDACTED]
Returns on cancellations:	[REDACTED]
Reinsurance premiums ceded:	\$ [REDACTED]

[REDACTED]

Gross receipts from assessments:	\$ [REDACTED]
Total assessments and fees:	\$ [REDACTED]
Returns on cancellations:	[REDACTED]
Reinsurance premiums ceded:	\$ [REDACTED]

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Section 501(c)(15) of the Code was amended by the Tax Reform Act of 1986 which specifies that for taxable years beginning after December 31, 1986, exemption may be granted to mutual insurance companies or associations other than life (including interinsurer and reciprocal underwriters) if the net written premiums (or, if greater, direct written premiums) for the taxable year do not exceed \$350,000.

The legislation did not define net written premiums or direct written premiums. However, direct written premiums include premiums arising from policies issued by the company acting as the primary insurance carrier. While you had returns on cancellations in the amount of \$[REDACTED] and reinsurance premiums ceded in the amount of \$[REDACTED] for [REDACTED] and returns on cancellations in the amount of \$[REDACTED] and reinsurance premiums ceded in the amount of \$[REDACTED] for [REDACTED], because the amounts of reinsurance ceded for both fiscal years are included as direct written premiums, you still exceeded the \$350,000 limitation.

Accordingly, based upon the facts presented, you do not qualify for exemption under section 501(c)(15) of the Code for [REDACTED] or [REDACTED], since your direct written premiums exceed the \$350,000 limitation.

You are required to file Federal income tax returns.

You have the right to protest this ruling if you believe that it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your principal officers, must be submitted in duplicate within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your principal officers, he or she must file a proper power of attorney and otherwise qualify under our Conference and Practice Requirements.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to the District Director in Atlanta, Georgia, which is your key District. Thereafter, any questions concerning your Federal tax status or the filing of your returns should be addressed to that office.

Please show your employer identification number on all returns you file and in all correspondence with the Internal Revenue Service.

Sincerely yours,

(Signed) [REDACTED]

[REDACTED]
Acting Director
Exempt Organizations
Technical Division

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Code	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Surname	[REDACTED]						
Date	2-5-90	2-5-90	5/7/90	5-8-90			

[REDACTED]

cc: DD, Atlanta *Sent Copy 5-9-90*
Attn: EO Group [REDACTED]

cc: [REDACTED]

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